SENATE, No. 714

STATE OF NEW JERSEY

216th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2014 SESSION

Sponsored by:

Senator THOMAS H. KEAN, JR.

District 21 (Morris, Somerset and Union)

Senator RICHARD J. CODEY District 27 (Essex and Morris)

Co-Sponsored by:

Senators Sweeney, Van Drew, Oroho and Doherty

SYNOPSIS

Allows charitable contribution tax deductions under New Jersey gross income tax.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



(Sponsorship Updated As Of: 9/16/2014)

1 AN ACT allowing a charitable contribution tax deduction under the 2 New Jersey gross income tax, supplementing chapter 3 of Title 3 54A of the New Jersey Statutes.

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BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

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1. A taxpayer shall be allowed to deduct from gross income the amount of charitable contributions made in the taxable year equal to the amount allowed or allowable to the taxpayer for the federal taxable year under section 170 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.170.

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2. This act shall take effect immediately and apply to taxable years beginning on or after the January 1 next following enactment.

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STATEMENT

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This bill allows gross income tax deductions for charitable contributions made in the tax year, as allowed under section 170 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.170.

The deduction mirrors the federal income tax deduction and is allowed regardless of whether the federal itemized deduction is taken by the taxpayer. Thus, the deduction is equal to the amount "allowable" by Internal Revenue Code section 170, not just the The deduction is an itemized deduction allowed and taken. deduction for "charitable contributions," as defined by Internal Revenue Code section 170. Generally, a "charitable contribution" is a contribution or gift to or for the use of: a state or its political subdivision; a corporation or trust organization created under United States law that is organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals; a domestic post or organization of veterans; a domestic fraternal society order or association operating under the lodge system, if the order uses the gift for charitable purposes; or a non-profit cemetery or burial company. The contribution must be made to a government or to an organization that is granted status by the Internal Revenue Service as an organization eligible to receive tax-deductible charitable contributions.

New Jersey is one of only a handful of states that tax personal income, but do not provide charitable contribution deductions. This bill responds to increased constituent desires to donate after terrorist attacks and national and international natural disasters. New Jersey should recognize and reward the charitable contributions New

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- 1 Jerseyans make. Further, this new tax deduction will encourage
- 2 New Jerseyans to continue to give philanthropic gifts to deserving
- 3 organizations.